Part 2 of a Series on Proposal Writing

A Guide to Grants: Where and How?

A wealth of grants is available for the asking, if you know where to look.

By Arnold Falleder

As we saw in Part 1 of this series, proposal writing is a complex process, involving skill-training and information gathering. One important step in this is collecting information on grant availability. Actually, the surfeit of such material is so great that finding grant information should never be a problem. The problem will be what to discard.

FEDERAL INFORMATION SOURCES

Subscribing to the *Federal Register (FR)* (published daily except weekends and holidays) will give you everything going on with the feds. It is available from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. This publication will give you news of direct grants. It will also provide clues to what your state will be doing soon, since most of these appropriations are block grants to state entities.

The problem with *FR* is that it often refers to earlier publications (which you may not have), and it can be frustrating to discover that the regulations you need were published in 1975. *FR* gives you a variety of contact information, and you will be forced to make those calls to get a 1975 page of regs. Nor is anything ever accomplished with one phone call. This administration claims to be waging a paper reduction campaign, but it doesn't care beans about toll call reduction.

The *Catalog of Federal Domestic Assistance (CFDA)* is a semi-permanent volume issued by the Office of Management and Budget (OMB) of the Executive Office of the President (Room 3002, New Executive Office Building, Washington, D.C. 20503). The *CFDA* lists slightly more than 1,000 programs which make up the domestic assistance system. They include social security, veterans hospitals, census taking, and the Corps of Engineers. Each program is identified by a number, called an OMB number (once referred to as a CFDA number). This volume is priced at $38 for material for one year and refills for the following year.

Also issued by the OMB are Federal Management Circulars, or FMCs, which are the basic regulations on how money from grant awards may be used. Each type of grant-seeking entity has its own FMC. There is one for municipalities, another for universities, another for states, another for nonprofits, etc. These are available at no charge.

A sure-fire information resource is the professional society or trade association magazine or newsletter. Most national societies and associations have Washington offices and use these outlets for lobbying. Their magazines contain Washington up-date pages, which usually have the most authoritative details on new government programs of interest to their members.

Part of your research should be to identify the professional magazine which most closely reflects your concerns. Perhaps you will already be a subscriber to such a publication and familiar with these pages. The advantage of such an informational source is not just that it reflects your specialized interest but also that it is likely to be well produced and readable, with comfortably large type and balanced pages (in contrast to government periodicals, which tend to have tiny type and crammed pages, making reading a painful chore).

> This administration claims to be waging a paper reduction campaign, but it doesn't care beans about toll call reduction.

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NONPROFIT WORLD, VOL. 7, NO. 5. Published by The Society For Nonprofit Organizations, 5314 Odana Road, Suite 1, Madison, WI 53719.

It should be noted that, while the administration has cut some "soft" programs, the major cuts have been in federal agency staff. All grantor regional offices have sustained massive reductions-in-force, and grant outreach functions have been cut back. This means that traditional regional office technical assistance no longer exists, and you will have to

Understanding the Federal Grants System

Federal grants to local governments have been with us almost since the country's founding. In recent years, the level of spending has become so great that it significantly influences all our lives. The following definitions provide a foundation on which to build an understanding of the federal grants system.

Types of Grants

Broadly speaking, there are two main types of grants: categorical grants and block grants.

Categorical Grants.

This type of grant is the chief form of financial aid. Between 1962 and the present, these grant programs have jumped from 160 to over 500. Categorical grants are for one specific purpose—for instance, highway planning and construction, Head Start, or park development. In terms of distribution, there are two types of categoricals:

Project Categoricals. These are used for supporting demonstration programs, research, and economic development, and they are discretionary on the part of the grant-administering agency.

Formula Based Categoricals. These are used for general stimulation, equalization and redistribution, and for broad national goals. Most are federal–state intergovernmental transfers (money passed from the federal government to individuals, as with Social Security payments, unemployment payments, etc.)

Block Grants.

Block grants, sometimes called special revenue sharing, pull together a number of categoricals which fall within a broad functional area. The reason for their creation is to give recipient governments broad program discretion, keep reporting to a minimum, and give fiscal certainty to grantees. Although in theory block grants should contain all related programs, in practice many related categoricals exist outside the block grants, thereby narrowing the functional focus. Eligibility criteria for block grants favor general-purpose governments. Some of the more prominent block grant programs, and terms used in discussing them, are listed below.

Matching Grants. Grant acts may provide for 100 percent federal funding or require the state to put up money in order to receive money. This is called "matching." A high match means a large federal share.

Transfer Payments. It is through these payments that funds are delivered to the grantee. This transfer demands dual responsibilities of the Department of Treasury and the OMB in addition to the awarding or grantor agency.

Multiplier Effect. These programs are meant to provide economic stimulation generated by expenditures. Direct federal expenditures (such as purchase of supplies) have a greater multiplier effect than do transfer payments.

Countercyclical Funds. These funds are spent in areas of greatest need, as provided by specific law (Emergency Employment Act of 1977).

Hold (Save) Harmless. This term refers to a provision which guarantees that, for a certain period, a government will not receive less money under a new program than it did under an old one. It is usually found in block grants which replace several programs.

Institutionalize. This term refers to experimental programs, federally funded in whole or part, which are later taken over fully by a local government or agency.

Status of Expenditure. When examining funding, it's important to know what stage it's at:

Appropriation. Congress votes the funds.

Obligation. Congress, and then federal departments, earmark appropriated funds. This is tantamount to expenditure.

Expenditure. The actual project expense. May be on any level of government, but the money comes from the federal Treasury.

Policy Circulars

Before you apply for a federal grant, you will need to check the appropriate policy circular. It will describe required procedures to obtain and administer the grant. Some of the most important circulars include the following:

A-95 (OMB—Office of Management and Budget)
A-110 (OMB—Office of Management and Budget)
A-111 (OMB—Office of Management and Budget)
FMC 74-4 (Federal Management Circular)
FMC 74-7 (Federal Management Circular)
EIS (Environmental Impact Statement)
TC 1082 (Treasury Circular)

Sources of Information

Here is a list of federal and state publications outlining the kinds of categorical and block grant programs available:

Catalog of Federal Domestic Assistance (C.F.D.A.). This publication lists all federal domestic assistance programs with information on eligibility, financing, application, etc. Published by the Office of Management and Budget, it is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Federal Assistance Program Retrieval System (F.A.P.R.S.). Different localities provide a computerized version of the C.F.D.A. This printout contains basic information on the request form and lists available programs. Check your local department of state for the address in your locale.

Code of Federal Regulations (C.F.R.). Available from the Superintendent of Documents, this publication provides a codification of general and permanent regulations which initially appeared in the *Federal Register*. The *C.F.R.* is kept up to date by individual issues of the *Federal Register*, and the two publications should be used together.

YOUR JOB CONTINUES

As we mentioned at the beginning of this article, your problem will not be locating information so much as winnowing it. Your task as a proposal writer is to sift through this abundance of data to discover the grantor whose motives most perfectly match those of your organization.

Once you have made that choice, time to put your proposal together the next issue, we'll detail the final ste the process—the actual writing of proposal.

Government Fiscal Regulations

In 1973, Executive Order 11717 assigned the functions of the Office of Management and Budget (OMB) to the General Services Administration (GSA). These functions include federal grants-in-aid responsibilities. GSA published Financial Management Circulars (FMCs) for these directions.

In 1976, these functions were returned to OMB. The circulars were then issued as OMB Circulars. Grantor staff and grantees continue to use both references.

Following is a list of the guidelines covered in these circulars:

General Content	OMB Circulars	Financial Management Circulars
Cost principles for educational institutions and nonprofits	OMB A-21	FMC 73-8
Audits of operations & programs by federal organizations	OMB A-73	FMC 73-2
Cost principles for state and local government	OMB A-87	FMC 74-4
Coordinating indirect cost rates and auditing educational institutions	OMB A-88	FMC 73-6
Guidelines for federal agency concerning participation by performing organizations in cost of research supported by federal agencies	OMB A-100	FMC 73-3
Uniform administrative requirements for grants to state and local government	OMB A-102	FMC 74-4

Summary of OMB Circular A-102

OMB Circular A-102 superseded OMB Circular A-96. I implemented parts of the Intergovernmental Cooperation Ac of 1968, listing the following requirements for governmen grants:

- No grant-in-aid to a state shall be required to be depositec in a separate bank account.
- Federal grantors are responsible for scheduling transfer of funds to minimize time elapsed between transfer of funds from Treasury and disbursement by state.
- States shall not be held accountable for interest earned on grant-in-aid funds, pending disbursement.

Attachments to OMB Circular A-102 describe the following requirements:

- Requirements for cash depositories (Attachment A)
- Bonding & insurance requirements (Attachment B)
- Retention and custodial requirements for records (Attachment C)
- Waiver of single state agency requirements (Attachment D)
- Requirements for accounting program income (Attachment E)
- Criteria and procedures for allowability and evaluation of cash and in-kind contributions (Attachment F)
- Standards for grantee financial management systems (Attachment G)
- Financial reporting requirements (Attachment H)
- Monitoring and reporting of program performance (Attachment I)
- Grant payment requirements (Attachment J)
- Budget revision procedures (Attachment K)
- Grant close-out procedures (Attachment L)
- Standard forms for applying federal assistance (Attachment M)
- Property management standards (Attachment N)
- Procurement standards (Attachment O)

Source: Federal Grants-in-Aid: Accounting and Auditing Practices (American Institute of Certified Public Accountants).

Grantors of the National Institute of Health (NIH) and Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA)

- National Institute of Child Health and Development
- National Institute of General Medical Science
- National Institute of Diabetes and Digestive and Kidney Disease
- National Institute of Arthritis and Musculoskeletal and Skin Diseases
- National Heart, Lung, and Blood Institute
- National Institute of Dental Research
- National Institute of Environmental Health Sciences
- National Institute of Allergy and Infectious Diseases
- National Cancer Institute
- National Institute of Neurological and Communicative Disorders and Stroke
- National Center for Nursing Research
- National Eye Institute
- National Library of Medicine
- National Institute on Aging
- National Institute of Drug Abuse
- National Institute on Alcohol Abuse and Alcoholism
- National Institute of Mental Health

Activities of these grantors appear in the regularly published *NIH Guide*, which is available at no cost from:

National Institute of Health
Room B48-N-08, Building 31
Bethesda, Maryland 20892

secure your information from sources other than government personnel. Direction may be absent, but funds are available, and for many it has been a lucrative time.

FOUNDATION INFORMATION SOURCES

When it comes to information sources regarding foundations, my impulse is to rely exclusively on the materials published by The Foundation Center. If you are not familiar with this resource, you may wish to call the Foundation Center's toll-free number (800-424-9836) and request a copy of its *Publications Catalog*. This free pamphlet is more than a catalog of books. It also details the foundation's services, which are specifically organized for nonprofits. The Center has an attractive associates program, which for a small annual fee allows you direct access (via phone) to innumerable records and data on foundations.

Foundation Center publications are nothing like material coming out of the government. These books are professionally bound, well printed and edited, and thoughtfully indexed. The classic volume, *The Foundation Directory*, for example, has been called the best source of current information on the nation's largest grantmakers; it is priced at $85.

Once you have a current edition of *The Foundation Directory* on hand, it is easy enough to locate specific foundations interested in your concerns. Write those foundations and request their current annual reports, which will give you additional information on their current interests and programs as well as valid contact names (names in the *Directory* often will have changed), phone numbers, and addresses.

Next, poll your board and staff to see whether anyone has a relationship or contact with any of the trustees listed with that foundation. You may have to dig around to find the advocate, but the *Directory* and annual reports will disclose appropriate ways to make contact.

Foundations do not require all the detailed proposals governments demand. When they request a formal proposal (after reviewing your one-page introductory letter), you may well have succeeded already.

More on Grant Proposals

The following books on grantseeking and proposal writing have been selected by The Society For Nonprofit Organizations' Resource Center as the best among the many such books available. Note that members of the Society receive discount prices on Resource Center books. Send your prepaid order to the Society at 6314 Odana Road, Suite 1, Madison, Wisconsin 53719 (608-274-9777).

Foundation Fundamentals. Edited by Patricia E. Read. 239 pp. Member price $9.50, plus $3.50 shipping. Nonmember price $10.95, plus $3.50 shipping.

Grant Seeker's Guide: Funding Sourcebook. Edited by Jill Shellow. 550 pp. Member price $19.50, plus $3.50 shipping. Nonmember price $22.95, plus $3.50 shipping.

Grantsmanship and Fundraising. By Armand Lauffer. 320 pp. Member price $25.50, plus $3.50 shipping. Nonmember price $29.95, plus $3.50 shipping.

The "How to" Grants Manual. By David C. Bauer. 229 pp. Member price $21.25, plus $3.50 shipping. Nonmember price $24.95, plus $3.50 shipping.

Proposals that Work. By Lawrence F. Locke, Wanceen Wyrick Spirduso & Stephen J. Silverman. 271 pp. Member price $11.95, plus $3.50 shipping. Nonmember price $13.95, plus $3.50 shipping.

Total Proposal Building. By Richard Steiner. 228 pp. Member price $15.25, plus $3.50 shipping. Nonmember price $17.95, plus $3.50 shipping.

Writing Winning Proposals. By Judith Mirick Gooch. 87 pp. Member price $19.95, plus $2.50 shipping. Nonmember price $23.25, plus $2.50 shipping.

Information Sources on Foundations

The Foundation Center (FC) is the nation's primary resource for information on foundation and corporate philanthropy. FC issues a regular publications catalog which lists all available publications; requests for this catalog should be sent to: The Foundation Center, 79 Fifth Avenue, New York, N.Y. 10003. Publications may be ordered via a toll-free number, 800-424-9836.

Some of FC's most popular publications include:

The Foundation Directory
Foundation Grants to Individuals
Corporate Foundation Profiles
The Foundation Grants Index
Grants for Higher Education
Grants for Hospital & Medical Care Programs
Foundation Watcher

FC also operates an associates program which, for an annual fee, gives you telephone access and computerized search privileges. This program is outlined in the publications catalog.

GAO Information

The U.S. General Accounting Office (GAO) issues reports on a wide range of topics, including domestic assistance policies and practices. A monthly catalog of reports and copies of individual reports are available by contacting:

U.S. General Accounting Office
Post Office Box 6015
Gaithersburg, Maryland 20877

The first five copies of each report are free. Additional copies are $2 each.

The following is a sample of some recent GAO reports which may be of interest:

GAO/HRD-88-17, *Block Grant Set-Asides*, October 1987.

GAO/NSIAD-87-145, *Competition in Contracting Act*, August 1987.

GAO/NSIAD-86-14, *Grant Management: U.S. Information Agency*, January 1986.

GAO/PEMD-87-7BR, *Noncash Benefits*, October 1986.

GAO/HRD-86-1, *Procurement: National Institute of Education*, January 1986.

GAO/PEMD-88-4, *Education Information*, November 1987.

GAO/RCED-88-63, *Homelessness: Programs Under the McKinney Act*, December 1987.

GAO/HRD-87-70BR, *Dislocated Workers: Under JTPA*, April 1987.

GAO/HRD-88-26, *Drug Abuse Prevention*, December 1987.

GAO/GGD-87-49BR, *Personnel Practices: Use of Consultants and Experts*, March 1987.

GAO/RCED-88-44, *Superfund*, December 1987.

GAO/RCED-88-48, *Hazardous Waste*, December 1987.

GAO/HRD-88-1, *Job Training Partnership Act*, December 1987.

GAO/HRD-88-40BR, *Medicare: Change in Contingency Reserve Funding*, November 1987.

GAO/HRD-88-42, *Aging*, December 1987.

GAO/PEMD-88-1, *Employee Stock Ownership Plans*, October 1987.

GAO/HRD-87-53, *Medicare & Medicaid: Effects of Recent Legislation on Program and Beneficiary Costs*, April 1987.

CD PUBLICATIONS
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CD Publications • 8204 Fenton Street • Silver Spring, MD 20910 • 301-588-6380
Fax 301-588-6385 • cdpubs@clark.net

Housing and Community Development

CD-Housing Register *(24 issues, $419/yr, $230/6 months).* Packets of material reprinted in full from the Federal Register. Covers every notice affecting public/private/subsidized housing; community/economic/rural development; housing finance; and elderly/disabled housing. Each item printed separately, with fast-reading guide to contents for added convenience. (Est. 19

Community Development Digest *(24 issues, 14–18 pages, $423/yr, $232/6 months).* Authoritative coverage of the CD Block Grant program for over 2 decades. Considered an eligible CDBG administrative expense. Provides insights on state/local comm nity development efforts and updates on infrastructure finance and economic/rural development. (Est. 19

Housing Affairs Letter *(50 issues, 8–10 pages, $409/yr, $225/6 months).* "The Weekly Washington Report On Housing." Th latest news on housing activity nationwide, including public, private, and subsidized housing; federal legislation; regulations; ar housing finance, including secondary mortgage market developments. (Est. 19

Housing Market Report *(24 issues, 10–16 pages, $347/yr, $189/6 months).* Current and future housing activity, trends, and market conditions for builders and suppliers. Features include exclusive Housing Outlook Panel, forecasting key housing indicators for up to 2 years, and Component Demand Index, predicting future materials usage. (Est. 19

Managing Housing Letter *(12 issues, 10–14 pages, $161/yr, $96/6 months).* For owners and managers of private, publi and subsidized rental housing. Marketing, business news, maintenance/management tips, court rulings and legislative updates. Covers fair housing, rent control, ADA compliance, and security - plus an annual salary survey. (Est. 197

Grantseeking and Fundraising

Aid for Education Report *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Private and federal funding opportunities and news for all levels of education, including grants for special education, at-risk youth, vocational/adult education, technology, and curriculum development. Plus, proposal-writing tips and innovative fundraising strategies. (Est. 199

AIDS/STD News Report *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Covers grants for AIDS and sexually transmitted disease-related programs from federal and private sources. Plus news from around the country on AIDS/STD prevention and treatment, reports on new drug therapies, and highlights of successful fundraising ideas. (Est. 199

Children & Youth Funding Report *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Detailed coverage of federal, foundation, and private grant opportunities for programs in child welfare, education, health care, and juvenile justice. Als contains reports on model programs, fundraising ideas, and state and local news. (Est. 199

Community Health Funding Report *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Public, private, and corporate fundin for a wide range of local health programs, including mental health, substance abuse, AIDS and teen pregnancy. Covers migrant minorities, the poor, seniors and maternal/child care. Plus Medicare/Medicaid, managed care and health care reform. (Est. 199

Crime Prevention News *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Covers federal and private support for community policing, juvenile justice, domestic violence, drug enforcement, and corrections. Also highlights successful crir prevention programs nationwide and provides updates on advances in crime-fighting technology. (Est. 199

Development Director's Letter *(12 issues, 8–10 pages, $175/yr, $103/6 months).* Grantseeking tips and strategies for nonprofit/government administrators, plus proven fundraising ideas. Includes grant application critiques, how-to advice, and private/public funding updates. Excellent complement to our other funding newsletters. (Est. 199

Disability Funding News *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Contains public and private grant notices fo programs for people with disabilities, including housing, transportation, rehabilitation, research, and special education. Al includes proposal-writing advice and updates on national and local news. (Est. 199

Families In Crisis Funding Report *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Federal, foundation, and corporate grants for family service programs. Covers the impact of welfare reform on state/local efforts to prevent child abuse and neglect and provide transitional housing and job training. Plus details on successful family service programs. (Est. 199

Federal Assistance Monitor *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Comprehensive review of federal funding announcements, private grants, rule changes, and legislative actions affecting social services, education, health, housing, and other community programs. Also contains grant tips, budget analyses, program previews, and funding trends. (Est. 198

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Mental Health News Alert *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Complete coverage of federal and foun tion grant opportunities for mental health programs, plus grantseeking advice. Timely reports on developments affectin mental health service providers, including managed care, mental health parity, and health care reform. (Est. 1

Substance Abuse Funding News *(24 issues, 14–18 pages, $279/yr, $155/6 months).* Covers private and federal funding opportunities for alcohol, tobacco, and drug abuse programs. Plus advice on grantseeking and proposal writing, tips from fur officials, and reports on the latest federal and state initiatives to address substance abuse and related concerns. (Est. 1

Business, Legal, and Senior Issues

Aging News Alert *(24 issues, 12–14 pages, $245/yr, $138/6 months).* "The Senior Services And Funding Report." Re on successful senior programs, funding opportunities, and federal actions affecting the elderly. (Est. 1

Housing The Elderly Report *(12 issues, 14–18 pages, $187/yr, $109/6 months).* Practical advice for long-term care a senior housing owners/managers on marketing, financing, management, and personnel issues. Includes news about feder regulations affecting senior housing, an annual salary survey, and updates on industry activities and trends. (Est. 1

Landlord Law Report *(12 issues, 8–10 pages, $199/yr, $115/6 months).* Highlights and interpretation of federal and state c decisions on fair housing, handicapped accessibility, premises liability, lease enforcement, eviction, and other issues affecting rental property owners. Plus summaries of HUD rulings on public, assisted, and senior housing. (Est. 1

Minorities In Business Insider *(24 issues, 12–14 pages, $322/yr, $176/6 months).* Reports on contract set-asides, pro- curement updates, the Small Business Administration 8(a) program, the Minority Business Development Agency, court rulings, and other minority business issues. (Est. 19

Selling to Seniors *(12 issues, 12–18 pages, $185/yr, $108/6 months).* Innovative ways businesses, from health care to housin travel and financial services, can more effectively reach the over-50 market. Includes advice from mature market experts, upd on demographics and consumer trends, plus ad critiques and insights on the impact of federal legislation. (Est. 19

Senior Health Digest *(12 issues, 8–10 pages, $199/yr, $115/6 months).* The concise monthly report on senior health car Brings you funding news, research findings, and treatments in pharmaceuticals...physiology...sociology...surgery... nutrition...psychology...pathology...and more. Plus Washington updates, in a single convenient source. (Est.19

Senior Law Report *(12 issues, 8–10 pages, $199/yr, $115/6 months).* Concise summaries of current federal and state court decisions affecting seniors, such as Medicare, Social Security, retirement benefits, age discrimination, healthcare ar housing, with advice for attorneys, aging advocates, and other senior care professionals. (Est. 19

Workplace Discrimination Alert *(12 issues, 8—10 pages, $279/yr, $155/6 months).* Reports on court decisions concern ing discrimination based on age, sex, race, religion, disability, and similar issues. Written in plain English by a practicing employment attorney. The manager's practical guide to avoiding costly legal challenges. (Est. 199

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TYPES OF FOUNDATIONS

A. GENERAL PURPOSE FOUNDATION

Most important of these are the particularly large foundations that operate with relatively few restrictions. They are the most difficult to obtain money from; generally they prefer to relate to institutions as large as they are.

B. SPECIAL PURPOSE FOUNDATION

These restrict their grants to a specific area of interest: health, art, culture, education, etc. They can be a good-source of revenue if your project falls within the area of interest.

C. CORPORATE OR COMPANY FOUNDATION

Federal law allows a corporatio to give up to 10% of its pre-tax profi to charitable and/or educational activities. Actually businesses now give on the average less than 2%, usually in creative grants to enhanc their corporate image or to satisfy the personal preferences of invest ors or business contacts. If a corporation has no foundation, try the public relations, community relations, or community affairs office.

D. FAMILY FOUNDATION

These are set up and controlled by a donor and the family; their grants fall within their area of interest, generally a personal interest. Only about 5% have full time staff.

E. COMMUNITY FOUNDATION

A relatively recent addition to the foundation world, these foundations receive and grant funds within a specific geographic area. Often they are very large, since they are receiving the assets of smaller foundations who do not want to take the trouble to administer their funds themselves. Because they are limited in a geographic area and have a broad purpose, they are usually a good place to go for funds.

F. WEALTHY INDIVIDUALS

Many wealthy individuals do not have foundations of their own, but often make tax deductable contributions to projects. There are all sorts of weird ways of finding these people: the contribution reports of liberal political candidates, society pages of newspapers, friends and relatives, etc. They can be an excellent source of funds: first, because you do not have to go through a bureaucracy to contact them; second, because they need the contact from non-wealthy people. Befor you approach them, have everything together to make it easy for them to make a tax-deductable contribution to your group.

The Funding Fit: Finding Foundation Funding

by Linda Golaszewski

(Editor's note: One of the purposes of the Grassroots Fundraising Journal *is to help people move away from reliance on foundations to reliance on community-based fundraising. However, in the course of diversifying, an organization may also need to seek money from foundations. Consequently, about once a year we print a good article on the grantseeking process.)*

Most nonprofit organizations at some time in their existence turn to foundations as a source of support. Even states with smaller populations have a number of local foundations. Oregon, for example, boasts over 300 foundations. Nationally there are about 25,000 foundations funding everything from human services and hospitals to specialized art projects and individual scholarships.

Foundations are defined by The Foundation Center as "nongovernmental, nonprofit organizations with funds managed by trustees or directors, which are established to aid social, charitable, religious or other activities serving the common welfare, primarily through the making of grants." While it sometimes appears that foundations give the nonprofit community the lion's share of funding, the surprising truth is that foundation giving accounts for only about 5% of the total charitable giving in the United States, a figure that has remained relatively constant through the years.

Foundations get hundreds (some get thousands) of requests for funds. Many of these requests are immediately eliminated because the proposals do not match up with a foundation's interests or geographic area of focus.

There are ways to increase the chances that your proposals will end up being read rather than recycled. First of all, *know your foundation.* The scatter-shot approach, sending identical proposals to every foundation you have ever heard of, can work against you. It's far better to research your prospective funders thoroughly and send out fewer proposals where the chances of a "fit" between your needs and the funder's priorities are maximized.

What to Look For

Does your foundation fit the foundation's geographic area of concentration? Have they ever funded in your area? Are they strictly limited in their by-laws to serve a specific city, state or region? While many foundations will fund outside their area of "historical" funding, others are limited by the conditions of the trust or foundation and cannot do so.

What is the foundation's funding history? Have they funded organizations and projects like yours, or would it be a major stretch to get them interested in you? If you fit their interests *or* can persuade them of the importance of your project, your proposal will probably be taken more seriously.

What amounts do they tend to give? Does your request amount match up with their typical giving pattern? Should you ask for more or less? A foundation generally has historical funding patterns and may be less likely to fund far above that amount unless you have a compelling case.

Does the foundation have deadlines, an application format, or other stipulations? If so, it is important that your grant application adhere to those.

What are the foundation's current program priorities, if any? Some foundations, such as Robert Wood Johnson, Northwest Area Foundation and the Fred Meyer Charitable Trust, define particular areas of interest and may sometimes have special funding initiatives. Foundations that do this tend to be larger and publish annual reports or other materials that outline their special interests.

Does the foundation support operating expenditures or does it limit its support to special projects or seed money? Although there are exceptions, foundations typically are interested in special projects, often ones that are creative and unique. Although you will not want to eliminate requests for operating support, you should be sure that the request is to a foundation that considers this type of proposal.

Things to Consider

Are you a United Way agency? Some foundations have restrictions on funding United Way agencies. Some will not fund even special projects if the organization receives United Way funds.

Are you a nonprofit, tax-exempt corporation with a 501(c)(3) letter? If not, it is almost guaranteed that a foundation will not consider your request. Foundations generally *do not* fund individuals or organizations that are not tax-exempt. Some will consider funding a project or organization through a tax-exempt umbrella.

What is your organization's history with this foundation? Have you requested or received support from this foundation? Can you build on your success with them? This is when good records are essential, for it is embarrassing to approach a foundation for support of a project that they have funded previously without acknowledging that they have done so.

Is the request clearly formulated? Do you know clearly what you're asking for? Take the time to formulate your idea clearly. Writing a grant proposal is not the time to practice your "creative" writing skills. For one thing, if the foundation funds you, your organization will be obliged to carry out the program you've proposed.

Can you use the money? Seems like a silly question doesn't it? But because you have to expect a less-than-100% return on your request, often far more proposals are submitted than are necessary to fund a project. Although it doesn't happen often, sometimes an organization will find itself with a surplus of funds. In that case, by all means write to the foundation(s) and tell them you've been so successful that your goal to fund the project has been surpassed. Then ask them if they'd like their money back. Or, better, ask if they'd like to apply it to another portion of the organization, or to another project. *Never* spend foundation funds on something other than what was indicated in the request without their permission. This kind of action will come back to haunt you forever more.

Does your board know what you're up to? Boards of Directors should be kept informed of the content and amount of grant requests. They should know what's being submitted before the proposals are mailed. Some foundations even require that the Board Chair sign off on an application. The Board, after all, has legal and fiduciary responsibility for the organization—it will be responsible for carrying out the terms of the grant long after you, Executive Director or grantwriter, have left the organization. Therefore, it is prudent to have at least one board member, if possible, review a grant application prior to submission.

Where to Look

There are many resources that can assist you in making your grantwriting and foundation research easier. They are, in no particular order:

Local (or statewide) Foundation Guides. Many states publish these statewide foundation guides, generally limited to foundations that are located and fund in a certain state. Some may contain regional foundation information as well. These may be published by the Attorney General's office, local United Way, or some other technical assistance body. Your local Attorney General's office, library, or development office of a large hospital or university would probably know what's available for your state.

Regional Foundation Centers. Each state has one centralized regional Foundation Center. The Center houses national directories such as the *Foundation Directory* and *Foundation Grants Index* and is a starting point for researching larger national or regional foundations. Some foundation annual reports are also available. The Center also has a circulating collection on nonprofit management, proposal writing and other topics. Contact the Foundation Center, 79 Fifth Ave., New York, NY 10002 (800-424-9836), for information on the Regional Foundation Center nearest you.

Local or national Technical Assistance Centers. These Centers, present in some states, assist organizations in grantwriting, fundraising and other aspects nonprofit development. These go by different names a are sometimes housed at a local United Way. They w often have a library of local foundation information well as books on proposal writing. Some foundation nual reports may also be available. Staff may be availal to provide technical assistance and information.

Charitable Trust Offices. All foundations are quired to submit government forms called a "990 AR" a "990 PF." This is publicly available information that c be reviewed at a state's Charitable Trust Office (or Att ney General's office). Each trust office operates slight differently, so it is best to call ahead to determine how use them.

Annual Reports. You can find out which found tions publish annual reports through a source such as o of the Foundation Guides. These reports are very usef in identifying specific information about a foundation

Colleagues, like-minded organizations, local ho pitals and universities may also be a source of info mation on potential funding sources or the how-to's proposal writing. *Developing Skills for Proposal Wri ing* by Mary Hall has an excellent section on accessin resources to improve your grantwriting research an skills.

How to Look

If you are looking for national or regional foundations, it is best to start with one of the Foundation Guides that are national in scope. These should provide you with enough information to determine if the foundation would be interested in your organization. Often, those that are listed in the national Foundation Guides publish annual reports, which you can then write and request.

In looking at local or statewide foundations, the logical place to start is with the state's foundation guide. If the foundation is large enough, you can request a copy of their annual report and application materials. For these and smaller foundations, you can also choose to review their 990's at the Charitable Trust office discussed above.

Foundations are made up of individuals and respond to education, cultivation and appreciation. Here are additional tips for successful proposal writing:

- Be brief and to the point, but follow whatever instructions the foundation provides *to the letter.*
- Be clear.
- Avoid jargon.
- Be positive.
- Proofread.
- Watch your grammar.
- Mind your manners. Be appreciative. A foundation does not owe you anything regardless of how it got its money.
- Have someone not associated with your organization read your proposal for content, jargon, etc. If they can understand it, it is likely that the foundation can.

Be sure the proposal is neat, unsmudged, on clean stationary. How you present your organization on paper is a reflection of your organization itself.

Competition for foundation dollars has become increasingly fierce as nonprofits have been faced with diminishing resources. The chances for success in proposal writing depend on many factors beyond your control. But you can control who receives your proposal, what it says, and how it looks and thereby *maximize your success!* ■

Linda Golaszewski works for the Oregon Coalition Against Domestic and Sexual Violence. She has worked with grassroots nonprofits for over thirteen years. Most endearing to us is that she is a long-time reader of the Journal.

Identifying Foundation Funding to Meet Your Needs

By Eloise B. Hart CFRE

Second in a Series

Private foundations exist for the purpose of giving money to worthwhile causes, a mission that catches the interest of any alert development officer. The pitfalls to receiving a grant are many, however.

Does your funding request match the giving priorities of the foundation you're addressing? Are you a tax-exempt 501(c)(3) publicly-supported charity. Does the foundation give in your geographic area? Have you asked for the right amount of money? Did you request bricks and mortar money from a foundation that gives only to program needs?

The answer to these questions is found through researching printed information, although much is available these days through the computer. You're ready to start your research when

- You've outlined a capsule description of your project—no more than a paragraph or two in length—covering the purpose of the money.
- You've explained by anyone would see the project as a benefit to the community.
- You've itemized the ways results will be achieved *and* measured.
- You've have stated clearly why your project is important in light of other worthwhile causes.

Armed with all of this information, you're ready to begin your research with a few basic steps.

1) Find the foundation information center nearest you by contacting an organization called The Foundation Center. This is an independent national service group established by foundations to provide an authoritative source of information on private philanthropic giving.

The Center disseminates information on giving through programs, publications and through a nationwide network of library reference collections for free public use.

National reference centers exist in 4 locations across the country (see box on next page), but cooperating collections may be found in libraries and community foundations in nearly every state in the Union.

2) If you prefer a computer search, talk with The Foundation Centers about COMSEARCH which provides computer printouts for a fee in four areas:

- Broad Topics — like children and youth
- Subjects— Specially-focused listings of grants made by foundation and state
- Geographics—. Major grants awarded in your area (not very helpful in the midwest)
- Special Topics— Like the 1,000 largest foundations, etc.

3)Next, check the "bible" of foundation information, The Foundation Directory. It lists U.S. foundations with assets over $1 million or gifts of $100,000 or more last year.

Think of key words to describe your project, like conservation or health services, and work with the subject index first. You may find it useful to read the two-page listing of subjects just in case your project fits under a subject you hadn't previously considered.

Make a list of the entry number and name of foundations in your state which give to the subjects you've researched. Include all bold face foundations under the subject heading. These are large foundations who give nationally.

Next, make a similar list from your examination of the geographic index by looking up your own state. Add to the list by using the "types of support" index, which tells you those foundations giving to construction and equipment, operating expenses, technical assistance and other categories of support. Again, remember to include the national foundations appearing in bold type.

4) Now that you have a list of the large foundations funding your type of project in your geographic area, pare the list down to the real possibilities. Look up each foundation in The Foundation Directory and Source Book Profiles, another Foundation Center publication describing in detail the 1,000 largest foundations.

At some point, you will decide to stop gathering information and start asking, but don't get hasty.

You should have a shorter list now because you've eliminated all the foundations which are not likely to fund your organization.

5) Since your research pathway has covered only the biggest and most visible funders, think about foundations in your local community. Most states have their own directory of foundations, available usually through a large public library.

If your state does not have its own directory (and you are really am-

bitious), talk with the attorney general's office in your state capital. Ask what government department collects IRS 990 forms on the foundations in your state. Some offices will allow a researcher access to the 990's, which are the main source of information for directories.

If neither the library or state government can help, remember the that national Foundation Centers and some local collections are a resource. Many have copies of form 990's.

However, the most complete and up-to-date information will usually be from local sources—like banks—which manage the foundation's assets.

6) Talk to the reference librarian in your local foundation collection to see if your library has any specialized information to help in your search. Often, grantwriting books and periodicals are gathered in one place; you can read the shelves (or use the card catalogue) for reference books on subjects like support for the arts or funding for programs for the aged.

7) Since there are corporate foundations who don't appear in The Foundation Directory, your next step is to find the appropriate ones. One of the most useful sources, Corporate 500: Directory of Corporate Philanthropy is published by the Public Management Institute. Taft publications, too, are very strong on corporate information.

Spend some time with the Taft Foundation Reporter, Corporate Giving Yellow Pages and other materials. Use both the subject and geographic indexes to make a long list of the possibilities.

Next, look up each foundation and eliminate those who are not likely to fund a project in your area. Corporations, of course, typically fund only in communities where the company has a significant manufacturing or sales center.

8) Now that you've got a short list of the real possibilities, both locally and nationally, gather all the detail you can on each funder.

For local possibilities, a phone call or letter to ask for any available information is essential. Try asking for an appointment with the funder to discuss your idea before the grant proposal is completely written. The two paragraphs you prepared before researching should be enough to provide ground for discussion. Listen carefully to the foundation representative for clues on what they want to fund.

For detailed information on foundations outside your community a telephone call or letter to ask for written materials on funding guidelines is in order. If the foundation has nothing in writing, try asking your questions by phone: what are the deadlines, average gift amounts, gift ranges and is multi-year funding available?

At some point in your research, you'll decide to stop gathering information and start asking, but don't get hasty. Your hard work will pay off because you'll be asking the right source at the right time for a project that the funder wants to do with your organization.

Good luck in laying the groundwork for a winning proposal.

Next month—Writing the Proposal.

Dr. Eloise B. Hart, CFRE, is president of Heart of America Fund Development Consultants, Inc., a full service consulting company based in Kansas City, Missouri. A former university dean and professor, she began writing grants over a decade ago.

The firm provides counsel for capital and annual campaigns, grants, direct marketing, public

[redacted]

The Foundation Center Reference Collections

The Foundation Center
79 Fifth Avenue
New York, NY 10003
212-620-4230

The Foundation Center
1001 Connecticut Ave. NW
Washington, DC 20036
202-331-1400

The Foundation Center
Kent H. Smith Library
1442 Hanna Building
1422 Euclid Avenue
Cleveland, OH 44115
216-861-1933

The Foundation Center
312 Sutter Street
San Francisco, CA 94108
415-397-0902

Cooperating Collections exist in almost every state. Contact the main library in your community.

Cooperation, Coordination, & Collaboration

A Table Describing the Elements of Each [2]

Essential Elements	Cooperation	Coordination	Collaboration
Vision and Relationships	• basis for cooperation is usually between individuals but may be mandated by a third party • organizational missions and goals are not taken into account • interaction is on an as needed basis, may last indefinitely	• individual relationships are supported by the organizations they represent • missions and goals of the individual organizations are reviewed for compatibility • interaction is usually around one specific project or task of definable length	• commitment of the organizations and their leaders is fully behind their representatives • common, new mission and goals are created • one or more projects are undertaken for longer term results
Structure, Responsibilities & Communication	• relationships are informal; each organization functions separately • no joint planning is required • information is conveyed as needed	• organizations involved take on needed roles, but function relatively independently of each other • some project-specific planning is required • communication roles are established and definite channels are created for interaction	• new organizational structure and/or clearly defined and interrelated roles that constitute a formal division of labor are created • more comprehensive planning is required that includes developing joint strategies and measuring success in terms of impact on the needs of those served • beyond communication roles and channels for interaction, many 'levels' of communication are created as clear information is a keystone of success
Authority & Accountability	• authority rests solely with individual organizations • leadership is unilateral and control is central • all authority and accountability rests with the individual organization which acts independently	• authority rests with the individual organizations but there is coordination among participants • some sharing of leadership and control • there is some shared risk, but most of the authority and accountability falls to the individual organizations	• authority is determined by the collaboration to balance ownership by the individual organizations with expediency to accomplish purpose • leadership is dispersed, and control is shared and mutual • equal risk is shared by all organizations in the collaboration
Resources and Rewards	• resources (staff time, dollars and capabilities) are separate, serving the individual organizations' needs	• resources are acknowledged and can be made available to others for a specific project • rewards are mutually acknowledged	• resources are pooled or jointly secured for a longer-term effort that is managed by the collaborative structure • organizations share in the products; more is accomplished jointly than could have been individually

[1] *Adopted from the works of Martin Blank, Sharon Kagan, Atelia Melaville and Karen Ray*

reprinted from Paul Mattessich & Barbara Monsey

Our colleague had a different concept of collaboration and the intensity of work it required. The following table shows a continuum of increasing intensity for building relationships and doing work:

	Cooperation*	Coordination	Collaboration
Key Relationships and Work	Shorter-term informal relations that exist without any clearly defined mission, structure, or planning effort characterize cooperation. Cooperative partners share information only about the subject at hand. Each organization retains authority and keeps resources separate so virtually no risk exists.	More formal relationships and understanding of missions distinguish coordination. People involved in a coordinative effort focus their longer-term interaction around a specific effort or program. Coordination requires some planning and division of roles and opens communication channels between organizations. While authority still rests with individual organizations, everyone's risk increases. Power can be an issue. Resources are made available to participants and rewards are shared.	A more durable and pervasive relationship marks collaboration. Participants bring separate organizations into a new structure with full commitment to a common mission. Such relationships require comprehensive planning and well-defined communication channels operating on all levels. The collaborative structure determines authority, and risk is much greater because each partner contributes its resources and reputation. Power is an issue and can be unequal. Partners pool or jointly secure the resources, and share the results and rewards.
Examples	One group of Southeast Asian Mutual Assistance Associations meets each month to exchange information on service approaches. They update each other on the latest techniques, on pending changes in legislation, and on which funders are likely to support their program types.	The Council of Agency Executives meets monthly to help the United Way plan for human service delivery. This often requires more than the exchange of information because the participants must work out philosophical differences and agree on a range of plans. But they do not share the vision of a larger purpose.	A group of Hispanic organizations comes together to address the need for job development and job training. They are looking at long-term plans to develop businesses that will provide jobs. They will involve government training services (to help secure grants and provide job training) and post-secondary institutions (for academic and vocational education).
Intensity (risk, time needed, opportunity)	lower intensity →		higher intensity

** Different authors use cooperation and coordination interchangeably. This book follows the work of Sharon Kagan, in defining the least intense level as cooperation. Used with permission from Sharon L. Kagan,* United We Stand: Collaboration for Child Care and Early Education Services. *(New York: Teachers College Press, copyright 1991 by Teachers College, Columbia University. All rights reserved.), pp. 1-3.*